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Canyon Fuel Company, LLC  
Soldier / Dugout Canyon Mines  
P.O. Box 1029  
Wellington, Utah 84542  
435/637-6360 Fax: 435/636-2897

OK

*C/007/039 WQ 01-2*  
*C/007/038 WQ 01-2*  
*C/007/034 WQ 01-2*

August 24, 2001

Coal Regulatory Program  
Attn.: Daron Haddock  
Utah Division of Oil, Gas and Mining  
1594 West North Temple, Suite 1210  
P.O. Box 145801  
Salt Lake City, Utah 84114

Re: Second Quarter 2001 Water Monitoring Report  
Dugout Canyon Mine, ACT/007/039  
Soldier Canyon Mine, ACT/007/018  
Banning Loadout, ACT/007/034

*Copy Daron*  
*Copy Daron*

Dear Mr. Haddock:

I have enclosed the second quarter 2001 water monitoring results for the Soldier Canyon Mine, Dugout Canyon Mine and Banning Loadout. This information will also be down loaded into the Division's web site.

Please be aware that we have now completed our two-year obligation of monitoring the groundwater quality parameters at springs SP-20, SC-14, SC-65 and SC-100. In accordance with Dugout's approved M&RP, future monitoring of these springs will include quarterly field measurements only.

Should you have any questions or comments concerning this information, please contact myself (435-636-2872) or Chris Hansen (435-448-2669).

Sincerely,  
SOLDIER / DUGOUT CANYON MINES

David G. Spillman, P.E.  
Technical Services Manager

enclosures

cc: Chris Hansen, Skyline  
DOGM, Price Field Office  
Central Files





United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Price Field Office  
125 South 600 West  
Price, Utah 84501

3482  
(UT-070)

Mike A. Stevenson  
Canyon Fuel Company, LLC  
Dugout Canyon Mines  
P. O. Box 1029  
Wellington, Utah 84542

Dear Mr. Stevenson:

Our decision is to grant an exploration plan on lease U07064-027821 (submitted 06/01/01) to Canyon Fuel Company, LLC to access and drill up to five coal exploration holes and conduct a seismic survey, subject to the enclosed stipulations for the exploration plan. A bond of \$30,000 shall be required prior to activities commencing.

If you have any questions regarding this matter, please contact Don Stephens of my staff at 435-636-3608.

Sincerely,

/S/ THOMAS E. RASMUSSEN

Acting  
FOR

Richard L. Manus  
Field Manager

Enclosure  
BLM Stipulations (3 pp)

cc: UT-92313, J. Kohler, Utah State Office (w/Enclosures)  
UT-92413, R. Lopez, Utah State Office (w/oEnclosures)  
UT-92413, Chris Merritt, Utah State Office (w/oEnclosures)  
Pamela Grubaugh-Littig (UDOGM) (w/Enclosures)  
Division of Oil, Gas and Mining  
1594 West North Temple Street  
P. O. Box 145801  
Salt Lake City, Utah 84114-5801

OK  
AUG 22 2001  
McCombs  
C/007/037  
BLM holes  
Exploration



## ATTACHMENT 1

### BLM Stipulations

1. Canyon Fuel Company is responsible to see that all personnel contracted or otherwise doing work on the exploration program are aware of these approval requirements and abide by all regulations governing this program. Any changes to the approved exploration plan must receive approval from the Authorized Officer prior to implementation.
2. When artesian flows or horizons with possible development potential are encountered, the Authorized Officer shall be notified immediately so that a determination may be made concerning their development potential. When possible, water samples shall be collected by the operator for analysis by the BLM. A written report is required upon completion of exploration as noted by Stipulation 7 H.
3. The Authorized Officer representing the BLM shall be notified 24 hours prior to setting surface and/or intermediate casing and plugging of wells, so that the BLM may arrange to be present. Each string shall be cemented in the annulus to the surface. The cement slurry mixture used to plug and seal the drill holes shall be mixed in compliance with standard cement mixing tables (e.g. Haliburton). Any variance from this procedure must be approved in advance by the Authorized Officer. In addition, periodic drilling updates on the weekends will be required if the drilling is nearing the cementing phases, so that representatives of the BLM will be made aware of progress.
4. If adverse down-hole conditions prevent a completed drill hole from being properly plugged after attempting all standard industry plugging procedures, the Authorized Officer shall be contacted immediately to make a determination as to final plugging procedures.
5. All drilling pits shall be lined to retain drilling fluids, unless sufficient evidence on site specific soil (percolation) and water quality tests are performed to determine a site specific waiver of this stipulation, as determined by the Authorized Officer.
6. The hole location is to be marked by placing an approved marker made of galvanized steel, brass, aluminum or similar noncorrosive metal in the concrete plug. Such markers are to show hole number, year drilled, lessee/licensee name, and, as feasible, the section, township, and range in which the hole is located. The top of the concrete plug, if located in a cultivated field must be set below normal plow depth (10 to 12 inches). In noncultivated areas, all marker caps should not protrude above the ground level. All drill holes shall be surveyed in to assure proper location. An exact survey of each drill hole location will be submitted to the Authorized Officer.
7. Upon completion of exploration activities, two copies of each report as required by 43 CFR 3485.1, shall be submitted to the Authorized Officer. The reports, at a minimum, must contain the following:
  - A. Location(s) and serial number(s) of lands under Federal lease or license on which exploration was completed.



B. A description of the completed exploration operations that includes the number of holes drilled, total depth of each hole, and completion date of each hole.

C. A map showing the locations of all holes drilled, other excavations, and the coal outcrop lines, as appropriate. The scale of the map shall not be less than 1 inch equals 1 mile.

D. Analysis of coal samples and other pertinent tests obtained from exploration operations.

E. Copies of all in-hole mechanical or geophysical stratigraphic surveys or logs, such as electric logs, gamma ray-neutron logs, sonic logs, or any other logs. The records shall include a lithologic log of all strata penetrated and conditions encountered such as water, gas, or any unusual conditions.

F. Status of reclamation of the disturbed areas.

G. Any other information requested by the Authorized Officer.

H. Hydrologic reports using the attached form.



## REPORT OF WATER OBSERVED

Company: \_\_\_\_\_ Lease/License Number: \_\_\_\_\_  
Address: \_\_\_\_\_ Drill Hole Number: \_\_\_\_\_  
\_\_\_\_\_ Date Completed: \_\_\_\_\_  
\_\_\_\_\_ Total Depth: \_\_\_\_\_

Company Contact: \_\_\_\_\_  
Phone Number: \_\_\_\_\_

Drilling Contractor: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Company Contact: \_\_\_\_\_  
Phone Number: \_\_\_\_\_

Location of Hole: T. \_\_ S., R. \_\_ E., Section \_\_: \_\_ 1/4 \_\_ 1/4 \_\_ 1/4  
Hole Elevation: \_\_\_\_\_ Hole Diameter: \_\_\_\_\_  
Drilling Method: \_\_\_\_\_  
Static Water Level: \_\_\_\_\_

### Aquifer No. 1

Depth Below Ground Elevation: \_\_\_\_\_ Formation: \_\_\_\_\_  
Rock Type: \_\_\_\_\_ Yield(GPM): \_\_\_\_\_  
Date Reported to BLM\*: \_\_\_\_\_ Requirements of BLM\*: \_\_\_\_\_  
\_\_\_\_\_ Water Sample Provided to BLM? \_\_\_\_\_

### Aquifer No. 2

Depth Below Ground Elevation: \_\_\_\_\_ Formation: \_\_\_\_\_  
Rock Type: \_\_\_\_\_ Yield(GPM): \_\_\_\_\_  
Date Reported to BLM\*: \_\_\_\_\_ Requirements of BLM\*: \_\_\_\_\_  
\_\_\_\_\_ Water Sample Provided to BLM? \_\_\_\_\_

### Aquifer No. 3

Depth Below Ground Elevation: \_\_\_\_\_ Formation: \_\_\_\_\_  
Rock Type: \_\_\_\_\_ Yield(GPM): \_\_\_\_\_  
Date Reported to BLM\*: \_\_\_\_\_ Requirements of BLM\*: \_\_\_\_\_  
\_\_\_\_\_ Water Sample Provided to BLM? \_\_\_\_\_

-----\* Refer to Stipulation Number 7